Welcome to the HMMWV RECAP Industry Day

November 3, 2005

Comments
" Customer Pay – RECAP" Contract

Stephen Rodocker
Director,
Procurement Group

Program Goal

- **Meet "RECAP Requirement" On Production Lines At Two Targeted Army Maintenance Depots Red River & Letterkenny)**
  - **No Stock Outs**
  - **No "G" Coded Vehicles**
  - **Quick Resolution Of Any Production/Technical Issue**

Contract Features

- **Not Business As Usual For Either DLA Or AM General (AMG)**
- **Engages Both DLA's And AMG's Supply Chains**
- **Success Contingent On Our Ability To Perform; i.e. DLA, AMG, Along With Our Respective Suppliers**

Contract Features

- **AMG Responsible For:**
  - **Management Of Parts At Two (2) Depot Maintenance Sites**
  - **Delivering Parts To The Production Line**
  - **Technical & Production Support**
- **AMG Source of Supply for 300+ Parts**
- **DLA Source Of Supply On A “Fill or Kill” Basis for 700+ Parts**

“Bottom Line”

- **Business Increase for DLA Managed Items If Customer Demands Do Materialize**
- **Possible Decrease In DLA Award Activity For Those 300 + Parts Assigned To AMG If Orders From Other Customers Do Not Increase**
- **Overall Potential “Business Plus-Up” For DLA And DLA’s Suppliers**
- **“Improvement In “Customer Support”**

HMMWV Recapitalization Program

Tom Blythe

PM Light Tactical Vehicles
HMMWV Recap System Acquisition Manager
DSN 786-5226 Comm 586 574-5226

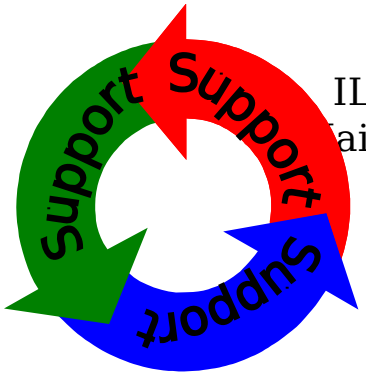
Serving "Our Army at War -- Relevant and Ready"

PM LTV RECAP TEAM & SUPPORT MATRIX

PM LTV

APM - Patricia Grashik SAM - Tom Blythe
Program Management
Requirements
Cost/Budgeting
Schedule/Depot Workloading
Scope of Work
TDP/Configuration Control
Quality
Fielding - Dimensions/MFT
Logistics - Coordination
Reporting - Cost/Schedule/Performance

TACOM LCMC



AMC

Central Parts Management (TACOM & DLA) ILSC (Cesare Gaglio/Jerry Figueroa)
Depot Maint Workloading (PRONS) ILSC (Larry Spigner/Tracey Smith)
Customer Pay ILSC (Dave Carter/Pat Dempsey-Klott)
aintenance (TMs/SOWs, SOUMs/GPMs, etc.) ILSC (Cesare Gaglio/Jody McInerney
Major Item Management ILSC (Cesare Gaglio/Vince Kowalski)
Cost and Analysis (Dave Holm/Margaret Stinson)
MMA Solicitation Acquisition Center (Gloria McCraken)
Safety (George Jarvis/Jack Gianossa)

DASC	**Liaison**	**MAJ Dease**
G8	**Fielding Rqmts**	**Chuck**
Hooker		
G4	**Transportation Assist**	
LTC Burner		
TSM	**Requirements Coordination**	**John Wright**
ATEC	**Test Coordination**	**Brian**
Stolarz		
AMSAA	**Data Collection of Fielded Recap Assets**	**Scott Kilby**
TARDEC	**New Initiatives (Rolling Chassis/**	

Recap Program Evolution

- 19 October, 2001 VCSA approved Focused Recapitalization plan for the HMMWV.
  - Recapitalize 4,307 vehicles, FY04 Implementation, Cost $25K/vehicle.
    - Rebuild of the engine and drivetrain
    - Focused component inspect, repair and replace effort.

- Initial Acquisition Strategy – Compete 50% to Industry and Workload Depots 50%
  - Late FY03 – Full and Open Solicitation Issued. Offers received. SSEB established.
  - Feb-Mar 04 – CSA Requirement for AoA Kit; Solicitation Cancelled
  - 4QFY04 RRAD workloaded for 198 (OMA funded). Scope Includes conversion to M1097.
  - OPA funded beginning in 05.

- 2QFY05 , LEAD and Maine Military Authority (Contractor) established capability and workloaded.

- Initial FY05 requirement – 2300 vehicles. DA increased to 4,201 ($233.6M)

- PB for FY06 $32.8M. Expecting Supplemental/Congressional Plus Up funding to support increasing quantities –
  between 11,000-13,000.

- RRAD and LEAD capacities increased to meet total requirement for FY06 and beyond (1140 per month).

- FY05 MMA contract ends Dec 05.

- FY06 Customer Pay Pilot. OSD initiative. DLA via AMG contract will provide non repairable parts to depot production line.
  - Planned pilot start of 1 Oct 05 postponed to Jan 06.
    - Impacts production schedule as parts availability is worked at DLA

- M1025R1 Recapped vehicles to be produced starting Oct 06.

Recap Quick Reference

Recap Objectives

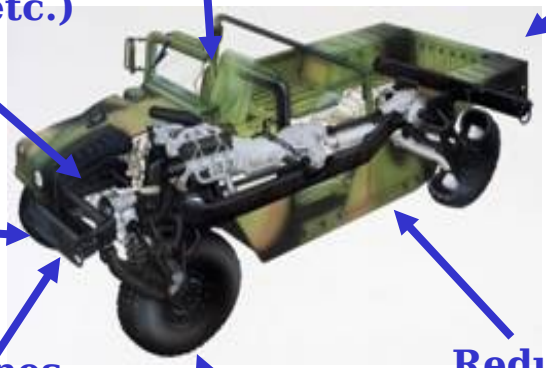
- Recapitalize A0/Al HMMWVs to M1097R1 configuration.
- Maintain operational readiness
- Slow growth rate of O&S costs
- Enhance performance where cost effective.

Considerations

- OPA funded
- CONUS fieldings
- Addresses aging fleet while providing platform to accommodate armor kits as needed.
- Supports Modularity

Sites

- RRAD, LEAD, MMA



HMMWV Recap

M1097R1s at 10 Mtn Div

Description

- Recapitlizes HMMWV A0/A1 variants to R1s
- Supports Modularity
- Increased payload capacity (Approx. 1,900 lbs)
- New 6.5L detuned engine, rebuilt transmission, new or rebuilt driveline components, upgraded brake and suspension components
- Inspect Repair Only As Needed (IROAN) select components

Cost/Schedule

- Funding:
  - FY05 $231.6M (4,201 vehicles)
  - FY06 PB $32.8M (464 vehicles)
  - Potential FY06 Supplementals $1.394B (Total - 11,112 vehicles)

- Schedule:
  - Jan 06 Customer Pay (DLA contracting with AMG for parts support)
  - Sep 06 Repower Kits Installed on Recap lines

Status

- Recap Program Baseline (RPB) (Rebaselined, 24 Mar 04).

- Average Unit Funded Cost (AUFC): $52K

- Recap Sites:
  - LEAD/RRAD (AMC Depots)
  - MMA (contract through Dec 05 Only)

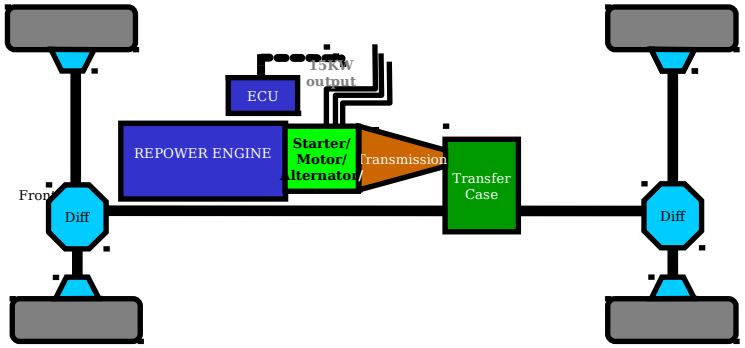
- Produced to Date : 4,530

- Fielded to Date: 2,318

Repower Quick Reference

Repower Objectives:

- Improved Reliability
- Electronically controlled
- Reduced Maintenance Times
- Increased Torque/Power
- Improved Fuel Economy
- Embedded Diagnostics



Considerations

- Competitive Acquisition
- Takes Advantage of Available Commercial Technology

FY06 PRODUCTION SCHEDULE ALTERNATIVES

RRAD		FY06												
	FY05 YTD	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Total
FY05	2496													2,496
FY06 PB		302	0	0	0	0	0	0	0	0	0	0	0	302
FY06 TWV Strat		190	190	190	190	190	190	190	189	189	189	189	189	2,275
Ideal TWV Strat		278	278	278	277	277	277	277	277	277	277	277	277	3,327
13 Jul 05 VCSA Strategy		409	409	409	409	408	408	408	408	408	408	408	408	4,900
MAX CAPACITY		640	640	640	640	640	640	640	640	640	640	640	640	7,680

LEAD		FY06												
		OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Total
FY05	1405													1,405
FY06 PB		300	0	0	0	0	0	0	0	0	0	0	0	300
FY06 TWV Strat		190	190	190	190	190	190	190	189	189	189	189	189	2,275
Ideal TWV Strat		278	278	278	277	277	277	277	277	277	277	277	277	3,327
13 Jul 05 VCSA Strategy		409	409	409	409	408	408	408	408	408	408	408	408	4,900
MAX CAPACITY		500	500	500	500	500	500	500	500	500	500	500	500	6,000

MMA		FY06												
		OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Total
FY05	174	42	42	42										300

TOTAL		FY06												
		OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Total
FY05	4075	42	42	42										4,201
FY06 PB		602	0	0	0	0	0	0	0	0	0	0	0	602
FY06 TWV Strat		380	380	380	380	380	380	380	378	378	378	378	378	4,550
Ideal FY06 TWV Strat		556	556	556	554	554	554	554	554	554	554	554	554	6,654
13 Jul 05 VCSA Strategy		818	818	818	818	816	816	816	816	816	816	816	816	9800
MAX CAPACITY		1140	1140	1140	1140	1140	1140	1140	1140	1140	1140	1140	1140	13680

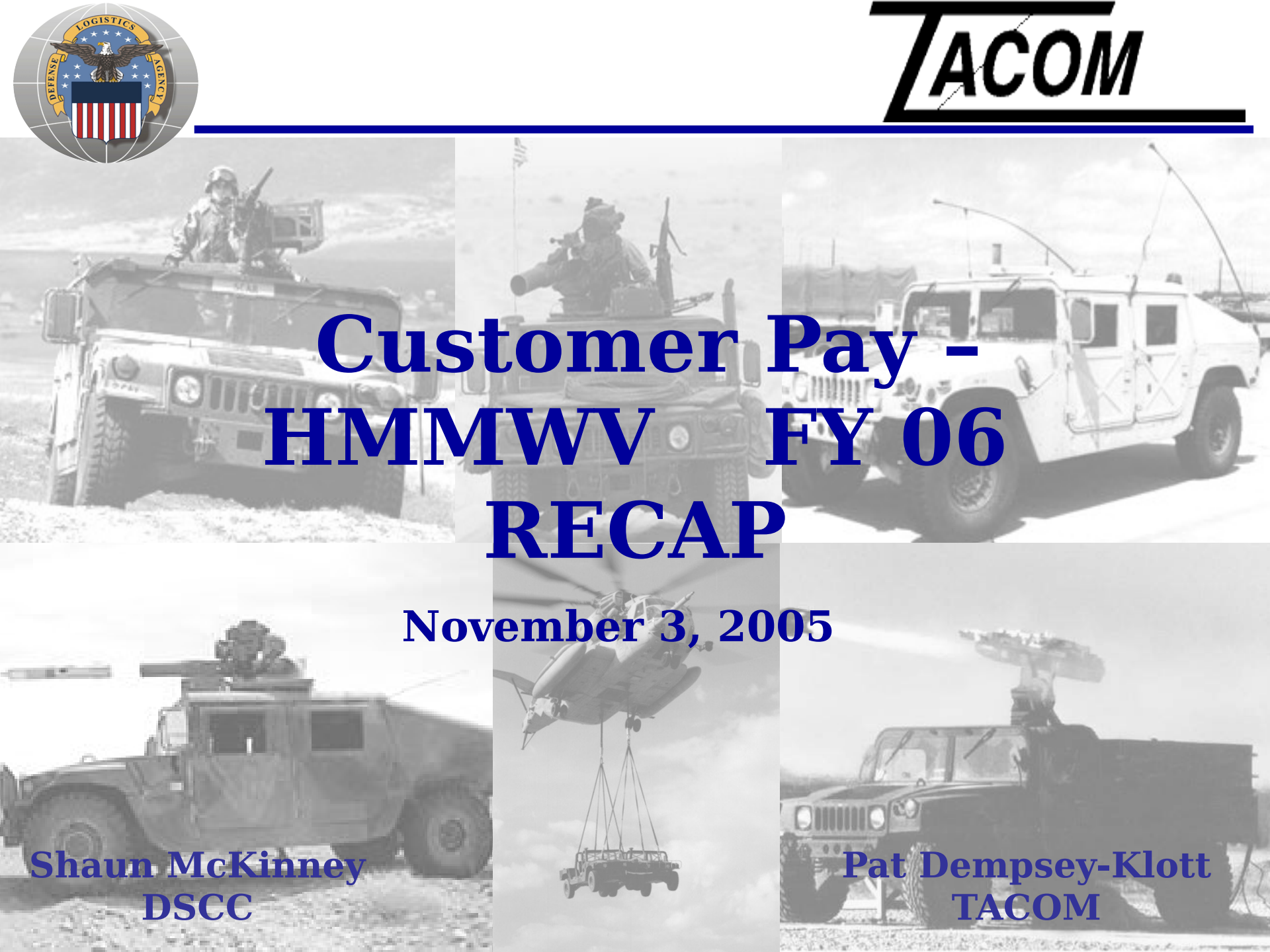
as of 10 Oct 05

Summary

- **HMMWV Recapitalization is expanding to meet A needs while revitalizing the aging fleet.**

- **Program evolution will include significant vehicl improvements under the Repower initiative.**

- **Program future dependent upon uninterrupted f and parts flow.**



Customer Pay – HMMWV FY 06 RECAP

November 3, 2005

Shaun McKinney
DSCC

Pat Dempsey-Klott
TACOM

Agenda

- Bottom-lines Up-Front
- Background
- Integrated Process Team Goals
- Process Overview
- First Quarter Fiscal Year 06 Status Without Customer Pay
- Summary

Bottom-lines Up Front Customer Pay

HMMWV Production -Tailored Support Strat

- **Parts and Services to Support HMMWV RECAP Production Lines**
- **Customer Pay Partnership Provides a Robust Supply Chain With *Small Business Partners***
- **A Pilot Program Which Allows the Army and DLA to**

Background For Customer Pay

- **USD(AT&L) Tasking - 15 Jan 04**
  - **Drive Supply Chain Responsibility to a Vendor**
  - **Having DOD Pay For Goods/Material ONLY When Delivered To The End User.**
- **DSCC Answered TACOM's Market Survey In Oct 2004**
- **Customer Pay Strategy**
  - **AMG Will Manage Their Own and DLA Inventory**
  - **Maintain the Strength of DLA's Supply Chain – *Our Small Business Partners***

Integrated Process Team Goals

- **Improve Supply Availability to 100%**
- **Improve Repair Cycle Times**
- **Move Delivery To Production Lines**
- **HMMWV Technical and Engineering Expertise**
- **Collaborative Environment**

Customer Pay Process Flow

No Requisition By Depots

KITS

Individual Spares/Repairs

Materiel Delivery

RRAD

LEAD

AMG Supply Chain

Material Accounting Systems And Financial Systems

DPST

DFAS

TACOM

CP PORTAL

DLA

AMG

AMCOM

Receipt Info

Invoice

Parts Flow

Sources of Support

HMMWV RECAP PARTS

TACOM

DLA & Supplier Base

GSA

AMG & Supplier Base

Collaborative Demand Planning

Army Materiel Systems Analysis Activity (AMSAA)

Monthly Invoicing and Support Reconciliation

Synchronized Supply Chain

Customer Pay 1Q FY06 Status
18 October 2005

HMMWV Parts Allocation Requirement NSN

- Requisitions Received 4082
- Parts Flow 3777
  (92.5%)

Customer Pay Goal 100% Fill on all 935 Vehicles Per Month

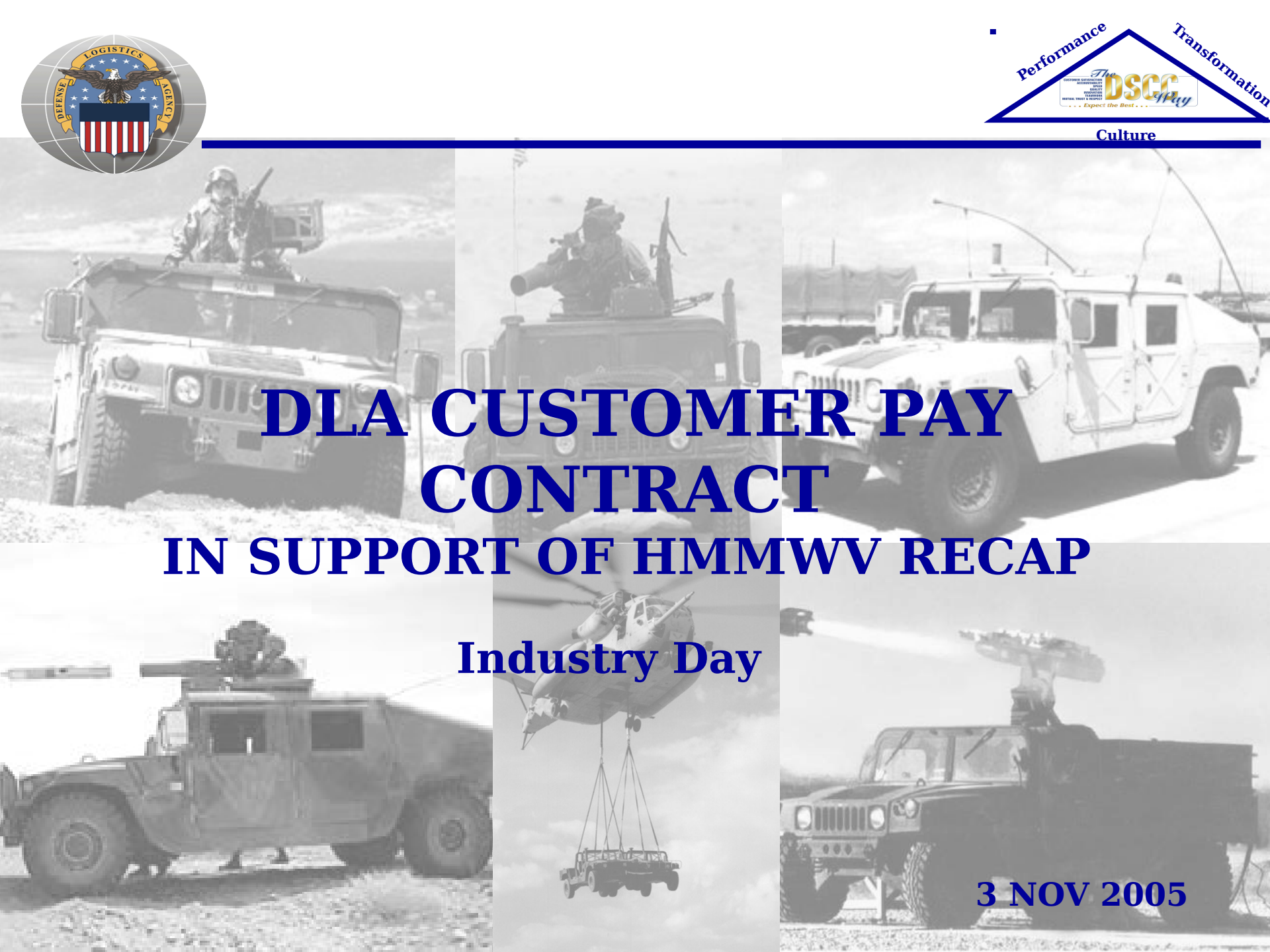
-

A 99% Fill Rate is a 100% Failure

Summary

- **This Pilot Program is an Evolution in Industrial Support**
- **Requires Intensive Partnering With RRAD and LEAD**
- **Will Provide a Significant Improvement in Program Support**

10-Minute Break



DLA CUSTOMER PAY CONTRACT

IN SUPPORT OF HMMWV RECAP

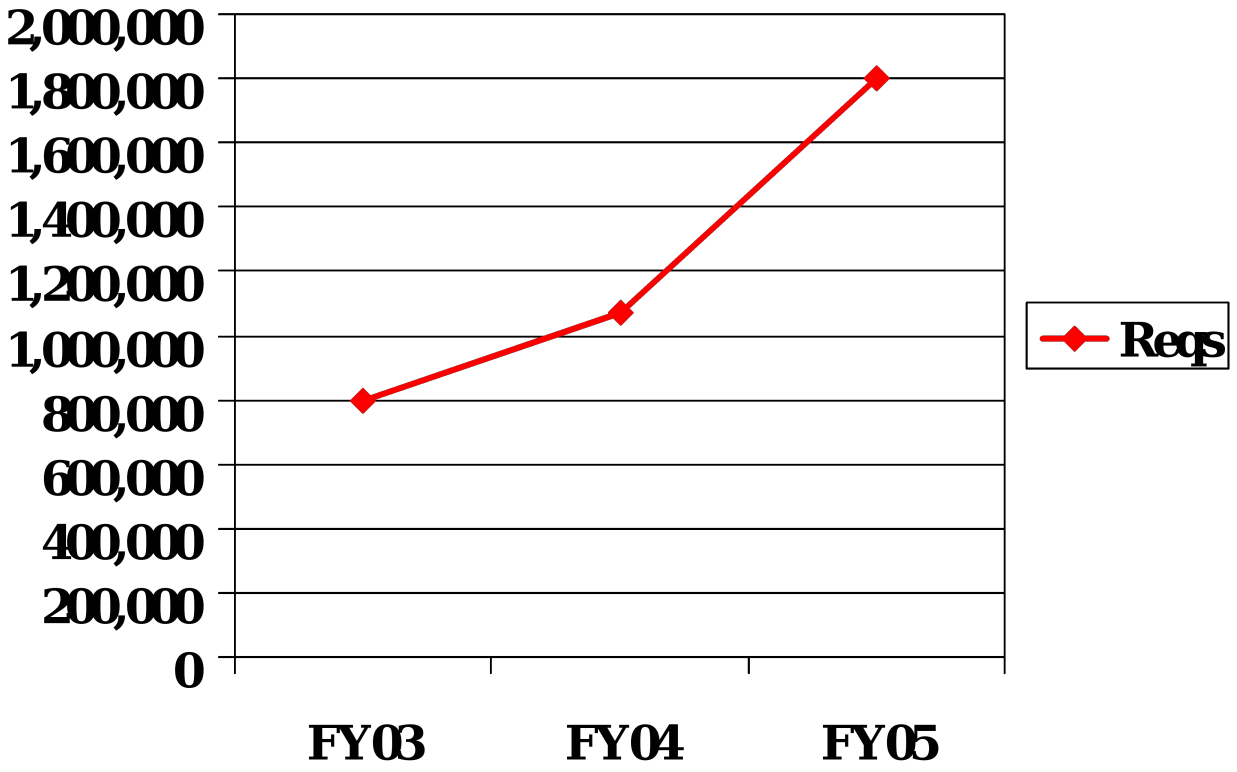
Industry Day

3 NOV 2005

Customer Pay Goals

- **Zero Stock-Outs at the Maintenance Depots**
- **No Condition Code “G” Vehicles**
- **Improved Efficiencies and Overall Cost Savings to the Customer**

HMMWV RECAP Demand History



Contract Targeted To Support 935 Vehicles Per Month for Next 3 Years

Program Overview

- **Sole Source Requirements Contract to AM General LLC to Include Parts and Services**

- **Negotiations Resulted in:**
  - **$ 201.3M – 3-Year Estimated Contract Value**

AM General	332 NSNs	$54.4M
Govt	759 NSNs	$128M

Contract Overview

AM General

ALL RECAP PARTS Responsibilities – Mishawaka & Red River:

- Supply Chain and Inventory Management
- Warehousing
- Distribution (JIT Delivery to Maintenance Line)
- Material Forecasting For RECAP line
- Provide Technical & Kitting Services
- Obsolescence Management

- ICP for DLA-Sourced Parts
- RECAP Collaboration

Customer Pay NSN Breakout

SUPPLY CHAIN	TOTAL NSNS	ADV
AVIATION	61	$5,906,789
C&E	41	$2,175,419
LAND	382	$58,880,476
MARITIME	223	$11,078,112
TACOM	24	$49,161,811
MISC	28	$847,531
AMG	332	$61,374,936
TOTAL	**1091**	$189,425,074

Gov't Source NSN Breakout

SUPPLY CHAIN	TOTAL NSNS	ADV
AVIATION	61	$5,906,789
C&E	41	$2,175,419
LAND	382	$58,880,476
MARITIME	223	$11,078,112
TACOM	24	$49,161,811
MISC	28	$847,531
TOTAL	**759**	$128,050,138

Contract Overview

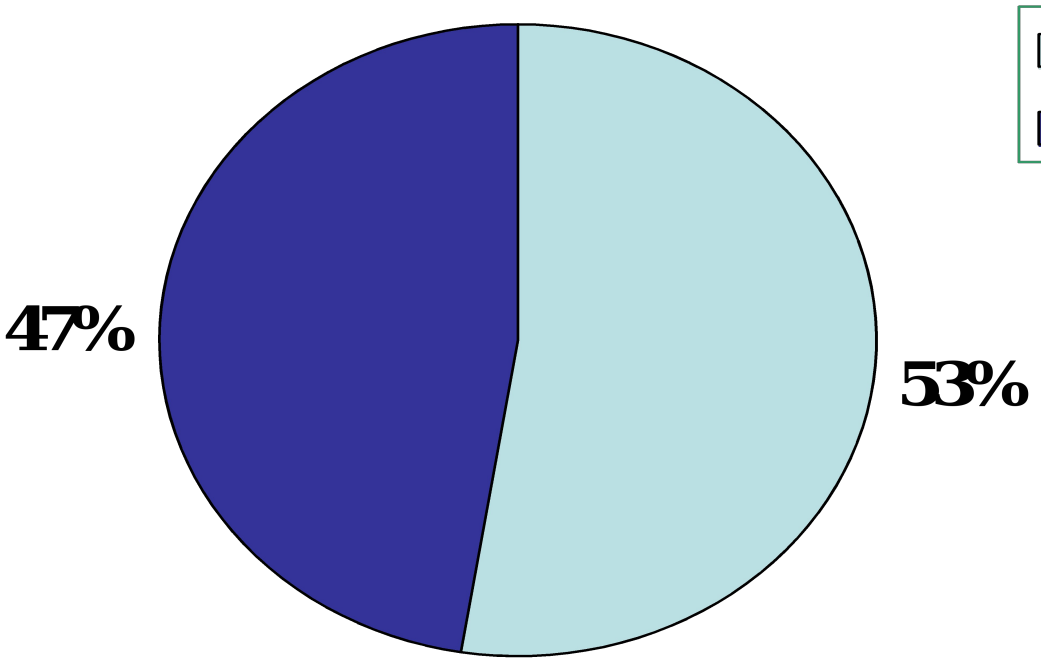
Government Responsibilities

- Supply Chain Management
- Performance Oversight and Management
- Sourcing as Supplier to AMG
  759 NSNs (ADV = $128M)
- Program Management
- Customer Pay IPT Lead
- Source of Supplies for TACOM parts

Contract Overview

- **Metrics baselines to be developed:**
  - ***Stock-out Rate (Mandatory/Binnable Parts)***
  - ***Customer Wait Time for Stock-outs***
  - **G-Coded Vehicles (Rate)**
  - **Quality Defects**
  - ***Cost of G-Coded Vehicles***

Small Business



- 47 % of Program Dollars to Small Busi
- 62% Increase In Small Business Sales

Acquisition Strategy

- Leveraging AMG, DLA, and TACOM Supply Base and Inventories
- Continuing to Execute Procurement Actions
- Increased emphasis and coordination w/Army and AMG
- Army will Receive Additional Service at No Additional Cost
- Optimize Support to Warfighter

Acquisition Benefits

- **DLA - Net Savings of $41.6 M Over Three Years**
- **SBA - Increase In Small Business Sales**
- **Bottom Line: Increased Performance at Decreased Cost**

Acquisition Strategy

- **Further Engages DSCC and DLA as Formal Partner in PBL Arena**
- **Army will Receive Additional Service at No Additional Cost**
- **Optimize Support to Warfighter**
- **Increase in DLA Sales**

HMMWV RECAP Website

- **Information related to supplier support:**

http://www.dscc.dla.mil/offices/land/gwot.html

Production
Team
Performance

Supplier Quality System Requirements

November 3, 2005

AM General
MOBILITY SOLUTIONS FOR THE 21ST CENTURY

AM General Supplier Selection

- **A Need For Change Is First Identified/Validated**
  - New Requirement, New Technology, Volume Change, Unique Expertise, More Efficient Processes, Competitive Pressures, etc.
  - Needs Can Be Internally or Externally Driven
- **Purchasing Prescreens All Potential Suppliers**
- **Goal/Expectation:**

  Long Term Suppliers/Business Relationships Fully Aligned With AMG and Customer Goals (Quality, Delivery, Service, and Price)

AM General Supplier Selection

- **Purchasing Requests Pre-Award Surveys of Potential Suppliers to Supplier Quality**

- **If a Pre-Award Survey is Acceptable**
  - **AM General Supplier Quality will plan a Quality System Audit after the Purchase Order Release**

- **All Suppliers MUST Conform to AMG FM1261-1 Supplier Quality Guidelines**

AM General Supplier Selection

FM1261-1 Supplier Quality Guidelines

- This document establishes quality requirements for procurement and defines supplier responsibilities for ensuring that purchased items conform to AM General drawing, specification and procurement requirements.

- This document is referenced in every purchase order issued by AM General

AM General Supplier Selection First Piece Sample

- **Supplier must supply dimensional and test data satisfying ALL requirements on drawings, specifications and/or special instructions noted on P.O.**

- **The following are examples, but not all inclusive, of what is required in FM1261-1:**
  - 100% dimensional layout
  - Test data
  - Material analyses or certifications
  - Chemical and Physical Test Reports
  - Process and Material Certification
  - Welding Requirements
  - Coating Requirements Verification

AM General Supplier Selection Quality System Requirements

Basic System Elements which must be documented

and have objective evidence available for review:

1. **Procedures for Receiving Inspection, In-Process Inspection and Final Inspection**
2. **Process Work Instructions**
3. **Procedure for Handling Non-conformances**
4. **Procedure for Corrective/Preventative Actions**
5. **Process Control Procedures**
6. **Procedures for Special Processes**
7. **Lot Traceability**
8. **Sampling Procedures**
9. **Calibration Procedures – Standards Traceable to National or International Standards**

AM General Supplier Selection System Audit

- **AM General will also perform system audits to previous stated requirements, source audits (product specific) and any special audits on applicable specifications when deemed necessary.**

- **These are examples but not all inclusive of special audits:**
  - **Special Process E-Coat MIL-P-53084**
  - **Special Process TT-C-490 Pretreatment Checklist**
  - **Special Weld Process Audit**

AM General Supplier Review

- A Need is Identified
- Sources are Chosen or Prescreened
- Pre-Award Quality Survey
- System Audit after Award

HMMWV Recap Industry Day

Eleanor Holland
Director, Small Business Office
(800) 262-3272

HMMWV Recap Initiative

- **The Recap Program is a new requirement - non-Recap spares will not be affected**
- **735 Recap NSNs will continue to be bought directly by DSCC**
  - **Many of these NSNs are bought from small businesses**
  - **AM General will come to DSCC on a "fill or kill basis" for these items**
  - **Responding promptly to solicitations and delivering quality**

AM General
1st Year Subcontracting Goal Estimates

Program	Percentage	Dollar Value*
SMALL BUSINESS	41.7%	$ 26,386,559.60
HUBZone	1.0%	$ 663,226.77
SMALL DISADVANTAGED	1.29%	$ 816,862.54
WOMAN OWNED	.75%	$ 474,920.08
SERVICE DISABLED	.56%	$ 354,606.99

* These dollar figures are based on direct purchases of this p

DSCC SMALL BUSINESS TEAM

1-800-262-3272 OR
COMMERCIAL 614-692-3541

NAME email address	PROGRAM	PHONE 614-692- XXXX
Eleanor Holland eleanor.holland@dla.mil	**Director, DSCC Small Business Office**	**- 3735**
Will Chavez william.chavez@dla.mil	**Small Disadvantaged Business and 8(a) Programs**	**- 1288**
Vikki Hawthorne vikki.hawthorne@dla.mil	**Outreach and Woman Owned SDB/8(a) Program Support**	**- 4864**
Rebecca Parks rebecca.parks@dla.mil	**HUBZone**	**- 3510**
Tom Pfenning thomas.pfenning@dla.mil	**Javits/Wagner/O'Day Workshops (Blind & Severely Handicapped)**	**- 1494**
Dwight deWeaver dwight.deweaver@dla	**Service Disabled Veteran**	**- 7935**

Monthly Free Training

DEFENSE SUPPLY CENTER COLUMBU

Training

Knowledge

Opportunities

Free Seminars

NOVEMBER	15-16, 2005
JANUARY	24-25, 2006
FEBRUARY	14-15, 2006
MARCH	21-22, 2006
APRIL	18-19, 2006
MAY	16-17, 2006
JUNE	20-21, 2006
JULY	18-19, 2006
AUGUST	15-16, 2006
SEPTEMBER	19-20, 2006
OCTOBER	17-18, 2006
NOVEMBER	14-15, 2006

Doing Business With DSC

- Getting Started
- Assistance in your area (PTACs)
- Small Business Programs
- Quoting on DLA BSM DIBBS
- Hands-on computer lab time
- Alternate Offers – how to get approve
- Understanding quality requirements
- Packaging – what the government wa
- How to get Drawings and Bid-sets
- DoD EMall – Be on-line for our Custo
- Payment Processing
- Freedom of Information (FOIA)
- Meet Buyers and Technicians one-on

Seating is limited –reserve on-line at:

http://www.dscc.dla.mil/News/

Business Counseling Center (BCC)

The Business Counseling Center, located on the first floor of Building 20, is your information center at DSCC, providing a place for you to meet and partner with DSCC buyers, technicians and engineers. 2 computer workstations provide you with access to information on government acquisitions and web-based search-engines for locating contracting opportunities and analyzing procurement history and forecasts.

Our knowledgeable Small Business

10-Minute Break